

BANK OF SOUTH SUDAN (BOSS)

Term Deposit Guidelines 2022

Term Deposit Facility Guidelines – 2022

Overview

The Term Deposit Facility (TDF) is an instrument where commercial banks deposit funds at the Bank of South Sudan (BoSS) and earn an interest rate over the duration of the contract. The TDF will facilitate the conduct of monetary policy by providing a tool that may be used to manage the excess aggregate quantity of reserve balances held by commercial banks. The holdings of the TDF will be ring fenced for liquidity sterilisation purposes and therefore cannot be used to satisfy reserve balance requirements or settle transactions.

Eligible Institutions

An eligible institution to participate in the TDF shall be a commercial bank.

Announcement of the TDF auction Operation

BoSS will announce offerings of term deposits in the print media and on the BoSS website in the week prior to the operation date. The announcement will specify the details of the operation which will include *the date of the operation, opening and closing time of the auction, tenor/s of the auction, the maximum interest rate offered, the start date and maturity date of the operation*, among others.

Auction frequency

The auction will be carried out every after a fortnight (14 days).

The Roles and Responsibilities of the Term Deposit Facility Auction Committee

- i.** Make a public announcement for each auction operation 5 working days before the auction is due to take place;
- ii.** Announce the total offer amount of SSP that the Bank intends to auction out.
- iii.** It will announce the maximum bid rate (ceiling rate) or other acceptable rate to BSS.
- iv.** Supervise the opening and checking of the sealed bids.
- v.** Verify the eligibility of the submitted bids.
- vi.** Determine the winning bids on the basis of the rules of the auction;
- vii.** Announce the auction results and winners;
- viii.** Maintain the database of all statistics of all information on the auction.

Bid Submission

Participating commercial banks may place their bids in the auction box at the reception of the BoSS between opening and closing times on the auction day, as specified in the Invitation to Tender (ITT) document. Institutions will be allowed **to bid in each of the two tenors issued** using the '*Term Deposit Facility Bid Form*' available on the BoSS website.

Interest Rate and Volume

The BoSS shall apply the competitive bid format with a floating-rate in the TDF operation. This implies that the Commercial banks shall be permitted to quote any bid amount and bid rate for each of the tenors announced in the ITT. There shall be no cap placed on offer amount announced. Bids with equal rates but different amount shall be prorated (distributed proportionately).

Determining Awards

After the closing time of the bid submission (as stipulated in the ITT), the BoSS will review all submitted bids for completeness and compliance with the announcement and the

guidelines. The successful tenders shall be determined by the BoSS's Term Deposit Facility Committee through the following procedural criteria:

- i. The total tender bids accepted be equal to the offering amount announced.
- ii. Bid interest rates that exceeds the maximum offer interest rate ceiling shall not be accepted;
- iii. All tenders that are complete and compliant will be accepted in full or partially in case of over-subscriptions.
- iv. The successful bidders shall be arranged in ascending order of the bid interest rates (from lowest to the highest rate), and the corresponding bid amount is accepted consecutively till all the bid amount equal the offer amount.

Results

Results of the auction will be made available on the BoSS website before close of business on the auction day. The results will be provided in aggregate summary form for all tenors issued..

Settlement

The settlement will be effected on the same day of the auction. On settlement day, the Settlement account of the commercial banks will be debited for the amount awarded. A commercial bank should ensure that it has placed sufficient funds in its settlement account to cover the debits before the auction date.

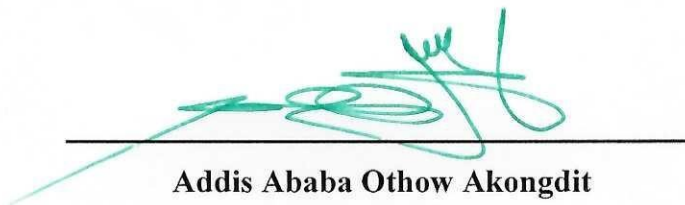
Maturity

On the maturity date, the Settlement account (SSP) of the commercial bank will be credited with the proceeds of the maturing term deposit amount plus the interest payment due. The credit will be posted by midday. The accrued interest shall be calculated as of the day of deposit and on the basis of 360-day annual period and actual days of the tenor.



Early Termination

The TDF is offered with an early termination feature that allows an institution to access funds prior to the maturity date, subject to a penalty. The announcement will therefore include *the early termination penalty rate (ETP)*. The ETP will be the rate used to compute the forfeited interest as a result of early termination. This will be **25%** of the accrued interest from inception to the early termination date. An institution seeking early termination should communicate in writing, two days prior to the action of the early termination to the Director of Financial Markets Department.



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